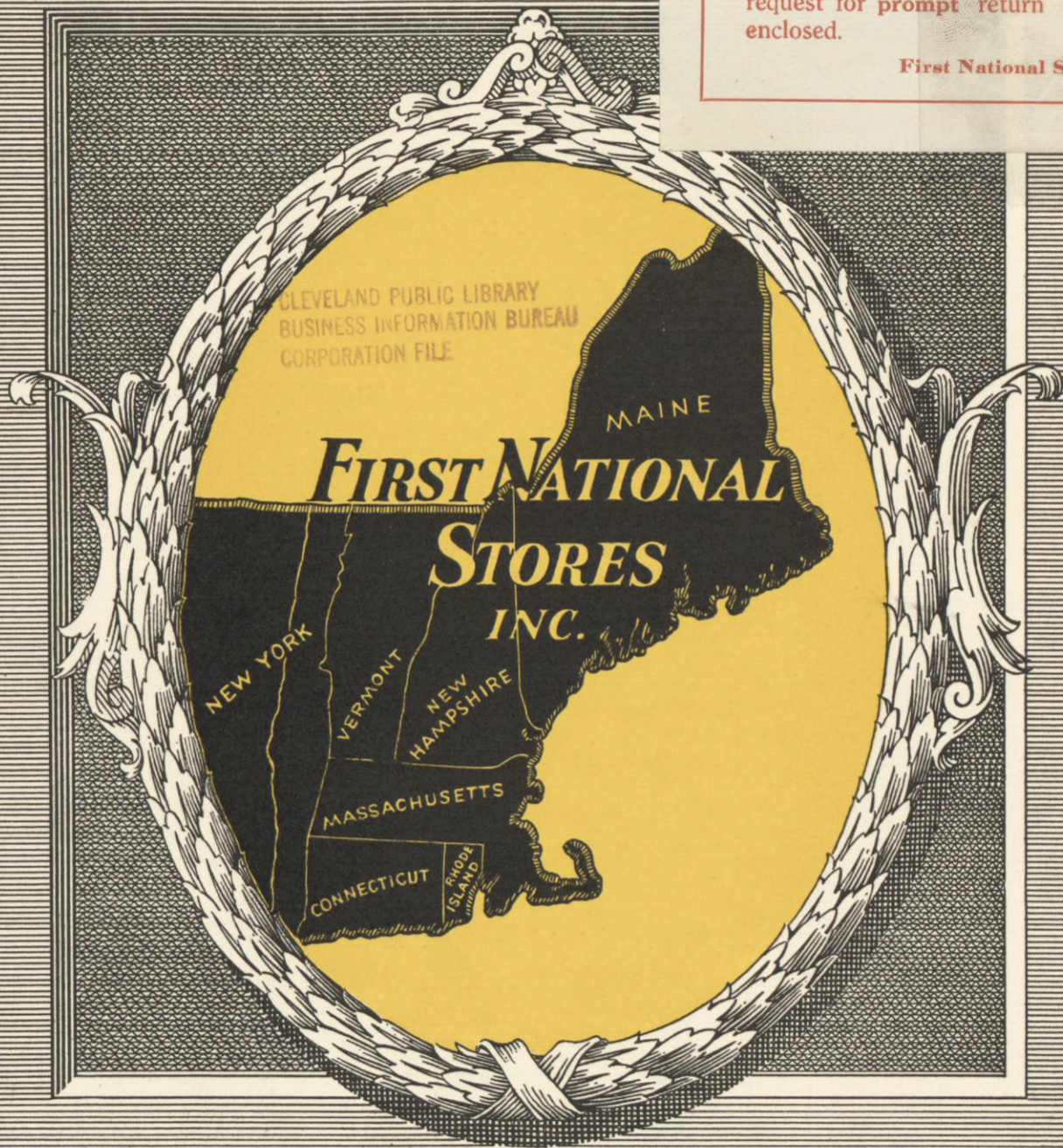


To Our Common Stockholders:

Please note and comply with request for prompt return of proxy enclosed.

First National Stores Inc.



*Annual Report*  
**FIRST NATIONAL STORES INC.**  
*year ending*

BOARDS  
9666.7414  
F-181

March 28<sup>th</sup> 1936

# FIRST NATIONAL STORES INC.

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## *Officers*

ARTHUR O'KEEFFE, *President*

CHARLES F. ADAMS, *Treasurer*

JAMES C. DUANE . . . . .	<i>Vice-President</i>
BERNARD F. MCGOLDRICK . . . . .	<i>Vice-President</i>
MORRIS JOSELOFF . . . . .	<i>Vice-President</i>
JOHN L. MACNEIL . . . . .	<i>Vice-President</i>
RALPH F. BURKARD . . . . .	<i>Assistant Treasurer</i>
JOHN E. ELWELL . . . . .	<i>Clerk</i>



## *Executive Committee*

CHARLES F. ADAMS  
RALPH F. BURKARD  
MORRIS JOSELOFF  
BERNARD F. MCGOLDRICK  
ARTHUR O'KEEFFE



## *Directors*

CHARLES F. ADAMS	JOHN L. MACNEIL
CHARLES H. BURGER	JAMES E. MALONEY
RALPH F. BURKARD	BERNARD F. MCGOLDRICK
JAMES C. DUANE	JOHN L. MCHENRY
BYRON M. FLEMMING	JAMES J. O'HARE
ROBERT F. IRWIN	MICHAEL J. O'HARE
MORRIS JOSELOFF	ARTHUR O'KEEFFE
SAMUEL JOSELOFF	NATHANIEL E. WHITTEMORE

Somerville, Massachusetts, June 4, 1936.

TO THE STOCKHOLDERS OF  
FIRST NATIONAL STORES INC.:

There is presented herewith the Annual Report of your Company for the fiscal year ending March 28, 1936.

No change having been made during the year in the Company's established method of bookkeeping, the figures given in this Report are comparable with those of prior years. The Balance Sheet and Statement of Earnings and Surplus Account have been prepared by independent auditors, Messrs. Price, Waterhouse & Co., and their statement of comments thereon is included in this Report.

SUMMARY OF OPERATIONS

Our sales for the fiscal year amounted to \$119,575,417, an increase of 7.41% over the previous year.

Earnings of \$3.65 per share of common stock for the fiscal year compare with \$3.89 per share on common for the previous year, a decline of \$0.24 per share. The following table of quarterly earnings per common share for the last two fiscal years shows that earnings declined in the first six months of the fiscal year ending March 28, 1936 compared with the same period of 1935; and earnings increased in the last six months of the present fiscal year as compared with the same period in the previous fiscal year. It may also be noted that since the December, 1934 Quarter, there has been a gradual and steady improvement in earnings.

Quarterly Earnings Per Common Share

<i>Fiscal Year Ended</i>	<i>June Quarter</i>	<i>Sept. Quarter</i>	<i>Dec. Quarter</i>	<i>March Quarter</i>	<i>Total for Year</i>
March 28, 1936.....	\$0.84	\$0.93	\$0.90	\$0.98	\$3.65
March 30, 1935.....	\$1.23	\$1.12	\$0.72	\$0.82	\$3.89

Our working capital shows an increase of \$1,883,878 compared with last year and net worth has increased \$941,379.

Your company is in strong financial condition with ample working capital and has no loans outstanding.

The following is a condensed summary of the Company's operations and financial position:

	<i>For the Fiscal Year Ending</i>	
	<i>March 28, 1936</i>	<i>March 30, 1935</i>
Retail Store Sales.....	\$119,575,417	\$111,323,463
Net Profits after Taxes, Depreciation and all Charges and available for Dividends.....	\$3,163,329	\$3,433,504
Earnings Per Share of Common Stock after Preferred Dividends Paid during the year (on common shares outstanding at end of year)...	\$3.65	\$3.89

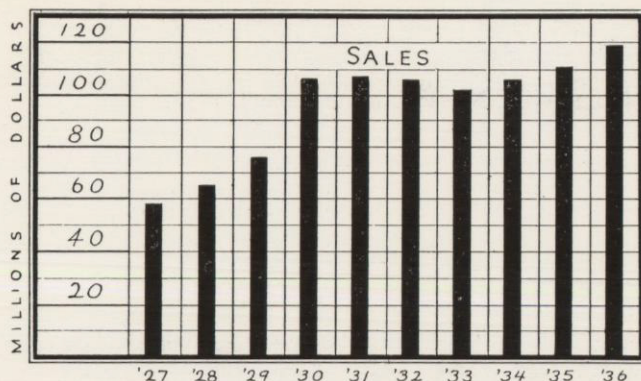
	<i>As of</i>	
	<i>March 28, 1936</i>	<i>March 30, 1935</i>
Net Working Capital (current assets less current liabilities).....	\$14,418,106	\$12,534,228
Fixed or Property Assets (less depreciation)....	\$10,309,099	\$11,158,409
Net Worth.....	\$25,761,849	\$24,820,470
Earned Surplus.....	\$14,374,827	\$13,591,448

Continuing our long established policy, the following page contains graphic charts showing results of our operations for the past ten years.

DEPRECIATION CHARGES AND MAINTENANCE CHARGES

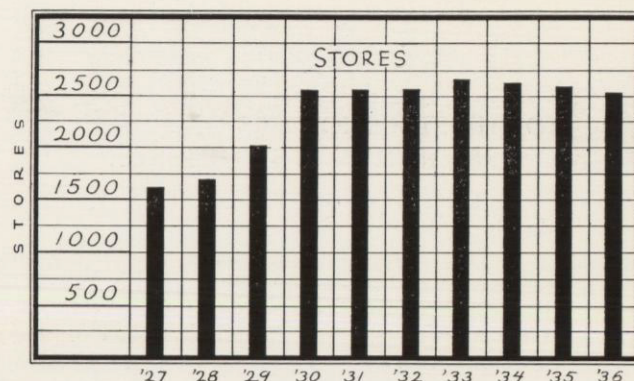
	<i>Fiscal Years</i>		
	<i>1936</i>	<i>1935</i>	<i>1934</i>
Depreciation Charges.....	\$1,119,989	\$1,126,447	\$1,154,166

To cover depreciation on all of our depreciable assets which include buildings owned, store and plant fixtures, improvements, machinery, equipment, automobiles and trucks, the above amounts were charged against earnings in their respective years and are considered ample by your directors.



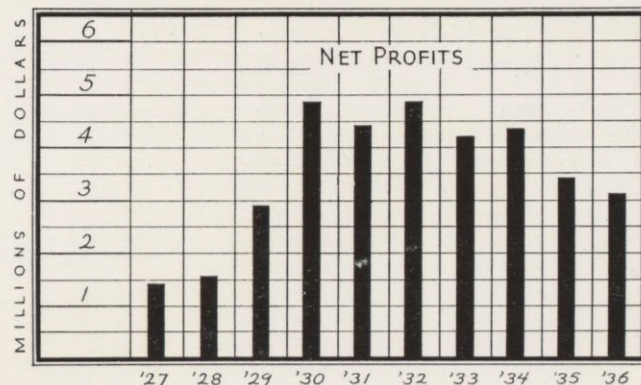
Retail Store Sales—Fiscal Years

1927	\$59,038,304	1932	\$107,634,383
1928	64,445,962	1933	100,892,947
1929	75,884,639	1934	105,812,781
1930	107,635,216	1935	111,323,463
1931	108,196,686	1936	119,575,417



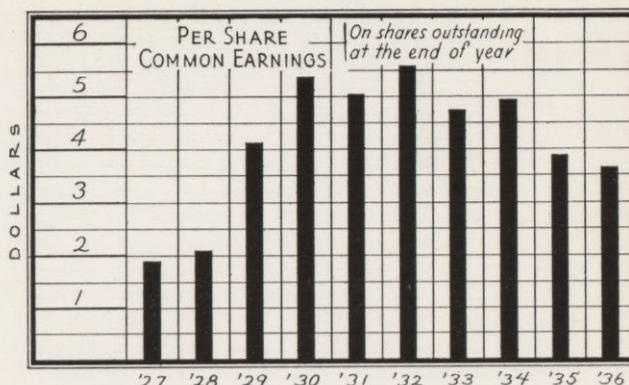
Stores—Fiscal Years

1927	1681	1932	2546
1928	1717	1933	2705
1929	2002	1934	2653
1930	2549	1935	2623
1931	2548	1936	2556



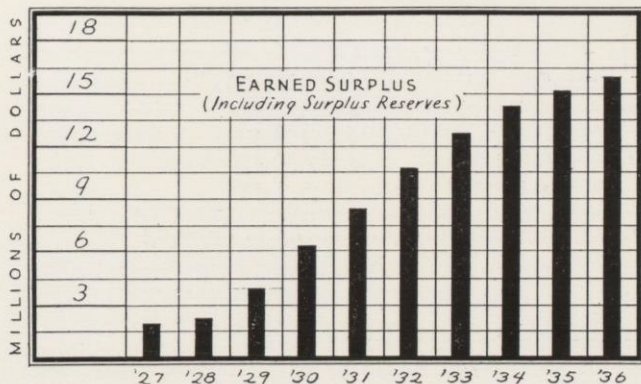
Net Profits—Fiscal Years

1927	\$1,492,193	1932	\$4,825,611
1928	1,593,358	1933	4,220,099
1929	2,904,884	1934	4,394,830
1930	4,773,446	1935	3,433,504
1931	4,479,108	1936	3,163,329



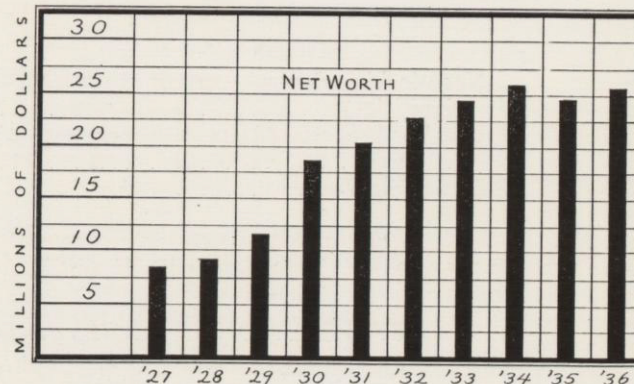
Per Share Common—Fiscal Years

1927	\$1.92	1932	\$5.52
1928	2.09	1933	4.78
1929	4.07	1934	4.97
1930	5.39	1935	3.89
1931	5.03	1936	3.65



Surplus (Including Surplus Reserves)  
Fiscal Years

1927	\$1,996,375	1932	\$10,816,321
1928	2,238,303	1933	12,666,672
1929	3,987,782	1934	14,213,494
1930	6,369,726	1935	15,121,448
1931	8,371,910	1936	16,062,827



Net Worth—Fiscal Years

1927	\$8,723,782	1932	\$22,793,743
1928	8,965,710	1933	24,644,094
1929	11,724,410	1934	26,190,916
1930	18,347,148	1935	24,820,470
1931	20,349,333	1936	25,761,849

	<i>Fiscal Years</i>		
	1936	1935	1934
Maintenance Charges.....	\$756,827	\$697,014	\$665,340

For the upkeep and regular repairs of our fixed assets, the above amounts were charged to operating expenses. Our fixed assets are maintained in good condition and high standard of efficiency at all times.

### DIVIDENDS PAID

During the past fiscal year, your company paid regular dividends of \$1.75 per quarter or \$7.00 per share for the year on first preferred stock outstanding.

Dividends of 62½ cents per quarter or \$2.50 per share for the year were paid on the common stock outstanding.

### GROCERY STORES AND MARKETS

Your Company had in operation on.....	<i>March 28, 1936</i>	<i>March 30, 1935</i>
Grocery Stores.....	2,108	2,162
Markets or Combination Grocery, Fruit, Vegetable and Meat Stores.....	448	461
Total Grocery Stores and Markets.....	2,556	2,623

During the past fiscal year our efforts in store development were largely confined to consolidating sales of grocery stores by closing small volume stores. Thirteen meat departments with small volume of sales were discontinued. Whereas our total dollar sales increased 7.41% for the fiscal year, the individual store average increase was 9.00%.

	1936	1935	<i>Increase</i>	<i>%</i>
Sales for Fiscal Year.....	\$119,575,417	\$111,323,463	\$8,251,954	7.4
Average Number Stores Open for Year	2,606	2,644	—38	—1.5
Average Sales per Store.....	\$45,884	\$42,104	\$3,780	9.0

### PUBLIC RELATIONS

Our Public Relations activities may be classified under three major headings, as follows:

**CONSUMERS**—We maintain a Home Economics Department with a capable staff available for assisting and advising our customers in matters of diet, proper and intelligent use of foods, suggested menus and recipes for preparing various dishes. Through the medium of our weekly newspaper "The First National News" most of this work is carried on and it is supplemented by our Home Economics Department Director appearing before groups of women throughout our territory and at our headquarters plant at Somerville, Massachusetts.

**FARMERS**—For many years we have been developing mutually satisfactory and profitable relationships direct with farmer organizations and groups. Throughout the year, we hold many meetings with farmers where the problems of raising, grading, and packaging of desirable farm products are discussed and decided upon. This field is an important one in production and distribution and is of great benefit to the farmers and the consuming public.

During the past year we were glad to be able to assist in marketing, not only in our own stores but throughout the Chain Food Industry, a large surplus of Vermont Maple Syrup. We are now effectively co-operating in the distribution of California's Canned Peach Surplus. Also, in co-operation with the various Farmers Associations, we have been marketing their Potatoes directly through our stores for the past several years and we are now negotiating with them so that they may raise other items for distribution in the same manner. These are a few instances of our constantly increasing efforts in this important co-operative work.

**GENERAL**—We participate in community activities throughout the territories where we have stores. We are members of Chambers of Commerce, Boards of Trade, and we support local Community Chest Drives, as well as other worthy, charitable and civic enterprises. We feel that this work is our public duty and our increasing efforts in this direction enhance the public good will toward our Company.

## TAXATION AND LEGISLATION

For the fiscal year ending March 28, 1936, earnings were charged with direct taxes of \$1,222,567 (including \$37,730 for Federal Social Security Tax accrued for the Quarter ending March 28, 1936). This amounts to 28% of our profits before taxes for the year, or \$469 for each store we operate, or \$1.50 for each common share, or 1.02% on our Sales. Our direct taxes are increasing each year and represent an increase of 53% since 1930.

During the past year, several bills have been introduced in both the United States Senate and House of Representatives—all aiming to handicap chain store and other large distributors and manufacturers.

Among these bills, the so-called Robinson Bill (S. 3154) and the Patman Bill (H. R. 8442) if enacted in their original form, will have a very far reaching and harmful effect upon all distribution and production in this country. Consumers will, as always, pay dearly through higher living costs and consequently many will be forced to a lower standard of living. These bills are obviously against the public interest. The sponsors, food brokers and a minority of wholesalers, are most active in promoting these measures. Already the Robinson Bill (S. 3154) has been passed in the Senate and the Patman Bill (H. R. 8442) is now before Congress.

It is most important that our stockholders, if they agree, record themselves with their United States Senators and Representatives in opposition to these measures at once, giving their reasons therefor.

During the past fiscal year, a few anti-chain store taxation bills were introduced in the State of Massachusetts. The Committee on Taxation, after hearings, voted against these bills and their action was upheld in both the House and the Senate.

## STOCKHOLDERS

We are pleased to report another substantial increase in our number of common stockholders since our last fiscal year. With approximately the same number of shares outstanding, our common shareholders have increased from 4,607 in 1932 to 7,316 in 1936—an increase of 2,709 or 58%.

The following table shows the number of our shareholders at various intervals since 1926:

	1936	1935	<i>As of March</i>		
			1932	1929	1926
Number of Common Stockholders...	7,316	6,576	4,607	1,975	1,304
Number of Preferred Stockholders...	2,193	2,276	2,669	2,571	2,835
Total Stockholders.....	9,509	8,852	7,276	4,546	4,139

## TREASURY STOCK—OPTIONS

The Balance Sheet shows that your Company had 11,055 shares of common stock on hand in its treasury at March 28, 1936. Of that amount, which was acquired by purchase, 3,820 shares are set aside under option to certain employees at a price near the market at the time such options were executed.

## CONCLUSION

Once again we welcome this opportunity to publicly express our gratitude and appreciation for the loyal and cooperative efforts of all the employees of our Company during the past year.

With the fine spirit of our organization, together with our resources and experience, your Directors feel confident that your Company is well equipped to continue economical and efficient distribution of foods.

Chain Food Stores play a vital part in the economic life of our Nation. The savings effected by our form of distribution benefit producers and give a greater purchasing power and a consequent better standard of living to American Consumers.

## ANNUAL MEETING—PROXIES

A notice of the Annual Meeting of Stockholders accompanies this report. Common stockholders are requested to sign the management's authorized proxy attached to their notice and mail promptly in the envelope provided. We will greatly appreciate your prompt co-operation in this matter.

BY ORDER OF THE BOARD OF DIRECTORS

ARTHUR O'KEEFFE

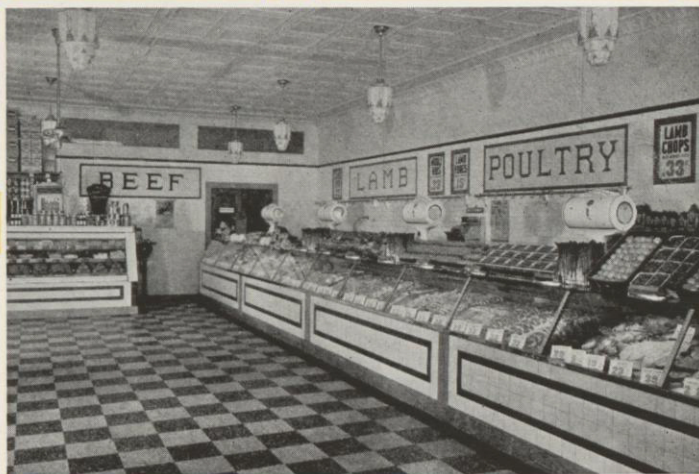
*President*



VIEWS OF A  
TYPICAL  
FIRST NATIONAL  
MARKET

*Left:* Exterior

*Below:* Meat and Fish  
Department

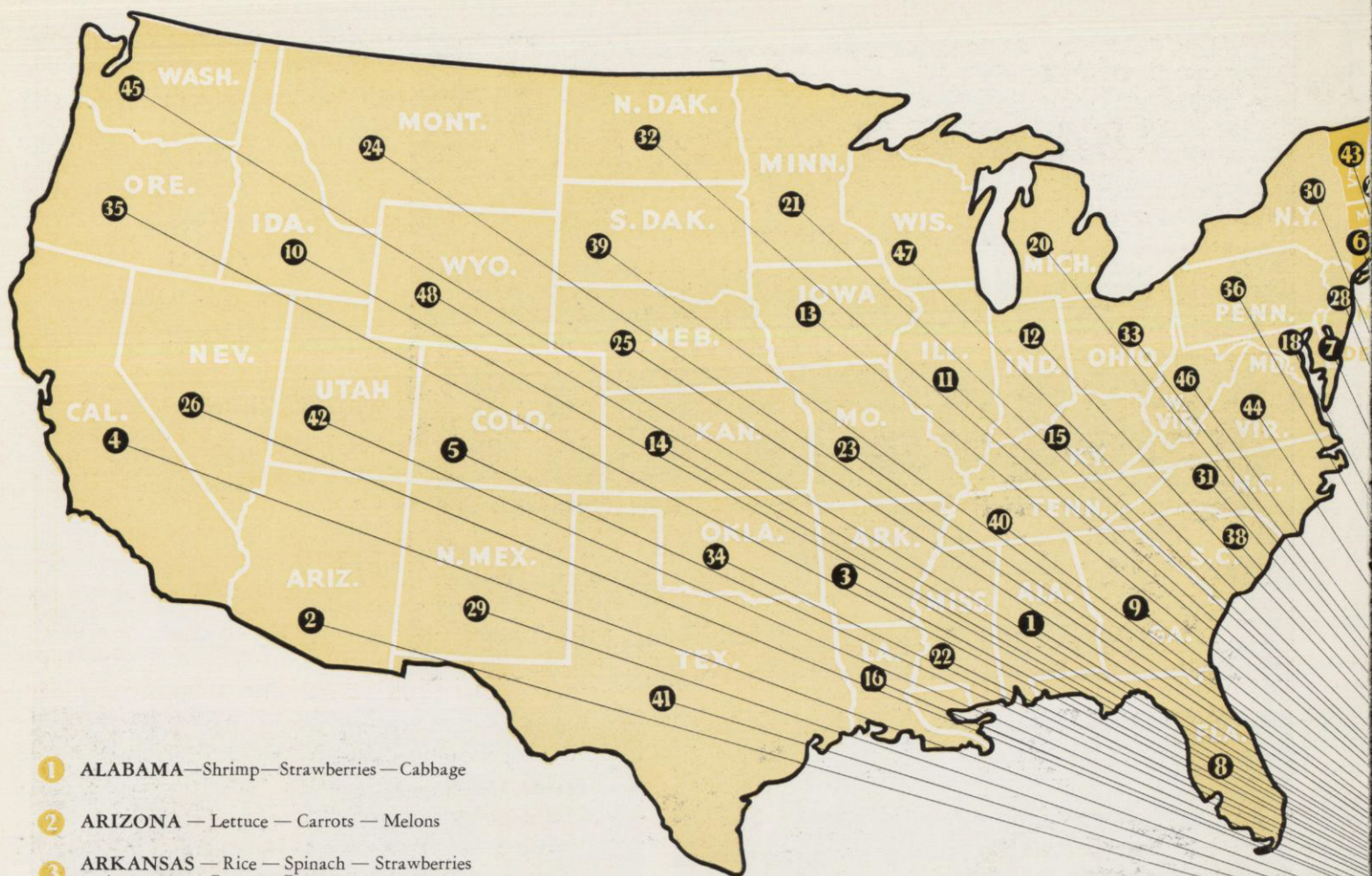


VIEWS OF A  
TYPICAL  
FIRST NATIONAL  
MARKET

*Above:* Grocery  
Department

*Right:* Complete  
Interior





1 ALABAMA—Shrimp—Strawberries—Cabbage

2 ARIZONA—Lettuce—Carrots—Melons

3 ARKANSAS—Rice—Spinach—Strawberries—Asparagus—Beans—Peas

4 CALIFORNIA—Oranges—Lettuce—Lemons—Melons—Peas

5 COLORADO—Peas—Flour—Peaches

6 CONNECTICUT—Apples—Corn—Lettuce—Eggs—Milk—Potatoes

7 DELAWARE—Strawberries—Melons—Peaches—Apples—Spinach—Potatoes

8 FLORIDA—Celery—Strawberries—Grapefruit—Oranges—Squash—Potatoes

9 GEORGIA—Watermelons—Sweet Potatoes—Peaches

10 IDAHO—Potatoes—Peas—Apples

11 ILLINOIS—Cheese—Eggs—Poultry—Beef—Pork—Lamb

12 INDIANA—Pork—Onions—Catsup

13 IOWA—Butter—Eggs—Rolled Oats—Beef—Pork

14 KANSAS—Flour—Beef—Eggs—Poultry

15 KENTUCKY—Tobacco—Strawberries—Apples

16 LOUISIANA—Strawberries—Beans—Rice—Molasses—Shrimp

17 MAINE—Peas—Clams—Potatoes—Beans—Corn—Blueberries

18 MARYLAND—Apples—Spinach—Melons—Tomatoes—Peas—Peaches

19 MASSACHUSETTS—Cranberries—Fish—Apples—Milk—Vegetables

20 MICHIGAN—Celery—Beans—Peas—Flour—Onions

21 MINNESOTA—Flour—Poultry—Cheese—Butter—Eggs—Onions

22 MISSISSIPPI—Peas—Carrots—Shrimp—Tomatoes—Cabbage

23 MISSOURI—Strawberries—Eggs—Flour—Spinach

24 MONTANA—Flour—Apples—Lamb

25 NEBRASKA—Beef—Pork

26 NEVADA—Peaches—Melons

27 NEW HAMPSHIRE—Eggs—Corn—Squash—Apples—Milk—Potatoes

28 NEW JERSEY—Asparagus—Spinach—Peas—Potatoes—Soup—Onions

29 NEW MEXICO—Cantaloupes

30 NEW YORK—Tomatoes—Carrots—Cabbage—Apples—Peas—Beans

31 NO. CAROLINA—Watermelons—Cabbage—Peaches—Tobacco—Cigarettes—Potatoes

32 NO. DAKOTA—Poultry—Eggs—Butter

33 OHIO—Tomatoes—Onions—Beef—Pork

34 OKLAHOMA—Spinach—Apples—Strawberries

35 OREGON—Cherries—Pears—Apples—Peas—Plums

36 PENNSYLVANIA—Apples—Asparagus—Flour—Spinach—Peaches

37 RHODE ISLAND—Asparagus—Spinach—Lettuce—Clams—Eggs—Apples

38 SO. CAROLINA—Watermelons—Peaches—Peas—Potatoes—Cabbage—Tobacco

39 SO. DAKOTA—Eggs—Poultry—Beef

40 TENNESSEE—Tomatoes—Cabbage—Strawberries

41 TEXAS—Spinach—Cabbage—Onions—Flour—Poultry

42 UTAH—Peas—Melons—Tomatoes

43 VERMONT—Beans—Eggs—Apples—Maple Syrup—Corn

44 VIRGINIA—Apples—Watermelons—Peanuts—Peaches—Potatoes

45 WASHINGTON—Raspberries—Apples—Peas—Salmon—Pears—Flour

46 W. VIRGINIA—Apples—Peaches—Potatoes

47 WISCONSIN—Milk—Cheese—Poultry

48 WYOMING—Beef—Lamb

FOODS FROM EACH OF THE  
**48 UNITED STATES**

ARE DISTRIBUTED BY

*First National  
Stores • INC.*

THROUGHOUT

**NEW ENGLAND**

**N**EW ENGLAND consumes not only foods raised on its farms but purchases from every other state in the Union, a part of its supply.

**N**EW ENGLAND, an industrial center, to prosper, must sell its manufactured products throughout the United States and to other countries.

**F**IRST NATIONAL STORES INC. policy is to distribute food to New England consumers at the lowest possible cost consistent with a high standard of quality, fair wages to employees, a fair return to producers and to its 9,500 stockholders.

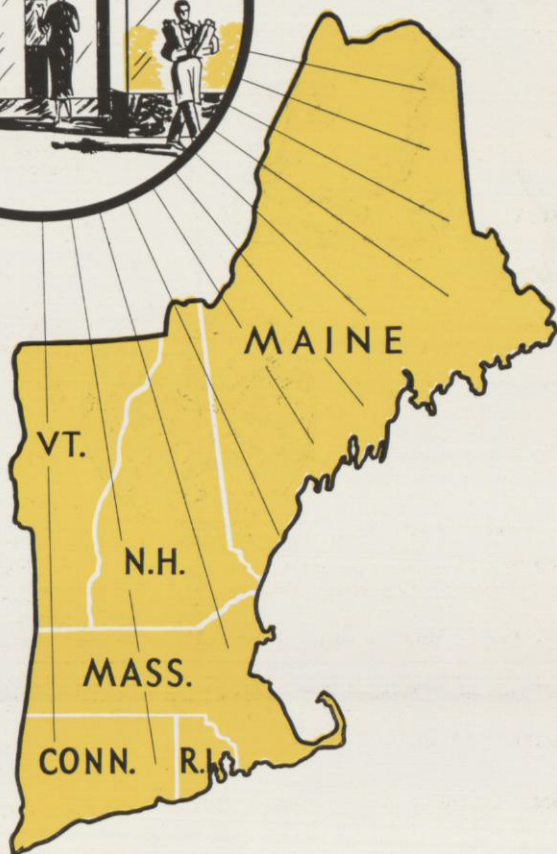
**W**ITH its efficient and modern methods of distribution, First National Stores Inc. is performing a vital service. Its operations benefit consumers by assisting in keeping down living costs; the farmers, because we afford many a ready cash market for their products; the New England manufacturers, as we aid in marketing their goods, — and further, by keeping the cost of "good" living at a minimum, assist our manufacturers to meet competition of manufacturers located in other sections where the low cost of living is a material factor in cost of production.

**T**HE COMMON INTERESTS of the farmer, manufacturer, consumer and distributor are interwoven and inseparable.

**A**NY TAXATION OR LEGISLATION, State or Federal, discriminating against efficient distribution will inevitably increase the cost of living. It will lessen the farmers' market for their products and will increase manufacturers' cost proportionately, thereby lessening the sale of their products due to curtailment of purchasing power.

**I**T is vital that consumers, farmers, manufacturers, employees and stockholders, whenever occasion requires, exercise their rights as citizens in vigorously protesting to Congress and to State legislators, any such discriminatory legislation as harmful to agriculture, to manufacturers and particularly to consumers.

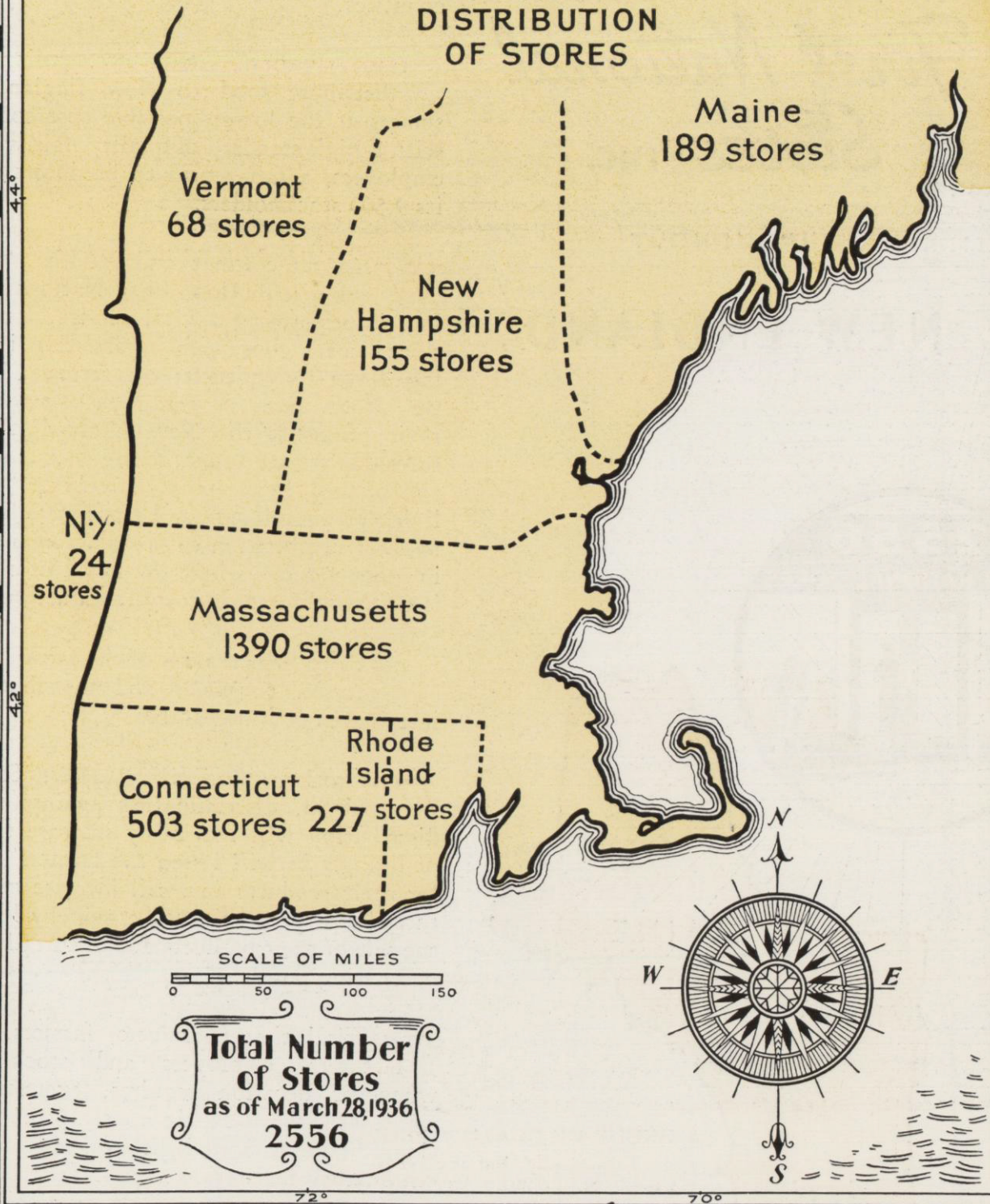
**FIRST NATIONAL STORES INC.**



ragus —  
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s — Rice  
g — Milk  
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pples —  
Pork

# ***FIRST NATIONAL STORES INC.***

## **GEOGRAPHICAL DISTRIBUTION OF STORES**





**A GROUP OF QUALITY PRODUCTS**  
 Exclusively Distributed By  
**FIRST NATIONAL STORES INC.**

# FIRST NATIONAL STORES INC.

## Comparative Balance Sheet—March 28, 1936 and March 30, 1935

ASSETS			
	March 28, 1936	March 30, 1935	Increase *Decrease
<b>CURRENT ASSETS:</b>			
Cash in banks and on hand (after deducting dividends paid April 1) . . . . .	\$4,349,391.32	\$3,535,308.62	\$814,082.70
U. S. Government securities (at market quotations March 28, 1936—\$3,529,343) . . . . .	3,513,532.78	1,024,989.58	2,488,543.20
Accounts receivable, less reserve . . . . .	449,233.94	436,751.56	12,482.38
Accounts receivable—officers and employees . . . . .	9,866.71	8,666.20	1,200.51
Inventories of merchandise, materials and supplies on hand and in transit, at cost or market whichever lower . . . . .	10,838,203.37	11,950,117.56	*1,111,914.19
Total current assets . . . . .	<u>\$19,160,228.12</u>	<u>\$16,955,833.52</u>	<u>\$2,204,394.60</u>
<b>INVESTMENTS, ETC.:</b>			
First National Stores Inc.:			
Common stock at book value—11,055 shares at March 28, 1936 (at market quotations—\$478,128) . . . . .	\$559,655.88	\$592,230.33	*\$32,574.45
First preferred stock at cost—1,289 shares at March 28, 1936 (at market quotations—\$145,810) . . . . .	136,564.31	135,178.81	1,385.50
Investments in and advances to wholly owned milk and creamery subsidiaries—at cost, less reserve . . . . .	217,603.12	207,603.12	10,000.00
Deposits in closed and restricted banks, less reserve . . . . .	19,558.72	33,803.25	*14,244.53
Miscellaneous securities and advances . . . . .	148,149.76	182,113.98	*33,964.22
Total investments, etc. . . . .	<u>\$1,081,531.79</u>	<u>\$1,150,929.49</u>	<u>*\$69,397.70</u>
<b>DEFERRED CHARGES:</b>			
Prepaid insurance and expenses . . . . .	\$475,518.07	\$466,663.14	\$8,854.93
<b>FIXED ASSETS (at Cost):</b>			
Land and buildings owned . . . . .	\$6,123,214.69	\$6,060,362.93	\$62,851.76
Less—Reserve for depreciation . . . . .	1,106,612.33	953,257.00	153,355.33
	<u>\$5,016,602.36</u>	<u>\$5,107,105.93</u>	<u>*\$90,503.57</u>
Fixtures and equipment, etc. (after deducting \$1,033,557 of fully depreciated assets at March 28, 1936):			
Store fixtures, leased property improvements, machinery and equipment . . . . .	\$9,609,026.11	\$10,528,811.90	*\$919,785.79
Automobiles . . . . .	388,206.26	586,467.68	*198,261.42
	<u>\$9,997,232.37</u>	<u>\$11,115,279.58</u>	<u>*\$1,118,047.21</u>
Less—Reserve for depreciation . . . . .	4,704,735.66	5,063,975.57	*359,239.91
	<u>\$5,292,496.71</u>	<u>\$6,051,304.01</u>	<u>*\$758,807.30</u>
Total fixed assets . . . . .	<u>\$10,309,099.07</u>	<u>\$11,158,409.94</u>	<u>*\$849,310.87</u>
<b>GOODWILL</b> . . . . .			
	\$1.00	\$1.00	.....
	<u>\$31,026,378.05</u>	<u>\$29,731,837.09</u>	<u>\$1,294,540.96</u>

# FIRST NATIONAL STORES INC.

## Comparative Balance Sheet—March 28, 1936 and March 30, 1935

LIABILITIES			
	March 28, 1936	March 30, 1935	Increase *Decrease
<b>CURRENT LIABILITIES:</b>			
Acceptances payable under letters of credit . . . . .	\$102,158.50	\$253,760.32	*\$151,601.82
Accounts payable . . . . .	2,790,883.62	2,567,917.15	222,966.47
Accrued taxes, rent and other expenses . . . . .	875,874.37	584,778.60	291,095.77
Employees' investment certificates . . . . .	402,720.00	414,850.00	*12,130.00
Provision for federal income taxes . . . . .	570,486.33	600,299.23	*29,812.90
Total current liabilities . . . . .	<u>\$4,742,122.82</u>	<u>\$4,421,605.30</u>	<u>\$320,517.52</u>
<b>RESERVES:</b>			
For contingencies . . . . .	\$334,600.58	\$334,600.58	.....
For sinking fund preferred stocks . . . . .	1,688,000.00	1,530,000.00	\$158,000.00
Miscellaneous . . . . .	187,804.86	155,160.48	32,644.38
Total reserves . . . . .	<u>\$2,210,405.44</u>	<u>\$2,019,761.06</u>	<u>\$190,644.38</u>
<b>CAPITAL STOCK:</b>			
7% First Preferred—par value			
\$100 per share:			
Authorized and issued or held for exchange for			
8% preferred—27,216 shares at March 28,			
1936 and 50,000 shares at March 30, 1935 . . . . .	\$2,721,600.00	\$5,000,000.00	*\$2,278,400.00
Deduct—Redeemed or held for retirement			
at March 30, 1935—22,784 shares . . . . .	.....	2,278,400.00	*2,278,400.00
	<u>\$2,721,600.00</u>	<u>\$2,721,600.00</u>	.....
Common:			
Authorized—1,000,000 shares without par value			
Issued—827,634 shares . . . . .	6,977,422.07	6,977,422.07	.....
Total capital stock . . . . .	<u>\$9,699,022.07</u>	<u>\$9,699,022.07</u>	.....
EARNED SURPLUS . . . . .	\$14,374,827.72	\$13,591,448.66	\$783,379.06
	<u>\$31,026,378.05</u>	<u>\$29,731,837.09</u>	<u>\$1,294,540.96</u>

### TO THE STOCKHOLDERS OF FIRST NATIONAL STORES INC.:

We have made an examination of the comparative balance sheet of First National Stores Inc. as at March 28, 1936 and March 30, 1935 and of the statements of earnings and surplus for the fiscal year ending March 28, 1936. In connection therewith, we examined or tested accounting records of the company and other supporting evidence and obtained information and explanations from officers and employees of the company; we also made a general review of the accounting methods and of the operating and income accounts for the year but we did not make a detailed audit of all transactions.

In our opinion, based upon such examination, the accompanying comparative balance sheet and related statements of earnings and surplus fairly present, in accordance with accepted principles of accounting consistently maintained by the company during the year under review, its position at March 28, 1936 and March 30, 1935 and the results of its operations for the fiscal year ending March 28, 1936.

PRICE, WATERHOUSE & CO.

Boston, Massachusetts.  
May 25, 1936.

# FIRST NATIONAL STORES INC.

## STATEMENT OF EARNINGS—FISCAL YEAR ENDING MARCH 28, 1936

Sales . . . . .		\$119,575,417.80
<i>Less:</i>		
Cost of sales, expenses, etc. . . . .		<u>114,820,330.64</u>
		\$4,755,087.16
<i>Deduct:</i>		
Depreciation on fixed assets . . . . .		<u>1,119,989.38</u>
		\$3,635,097.78
<i>Add:</i>		
Interest and dividends received . . . . .		<u>156,871.10</u>
		\$3,791,968.88
<i>Deduct:</i>		
Interest paid . . . . .	\$26,208.97	
Loss on disposition of fixed assets, etc. (net) . . . . .	<u>82,025.17</u>	<u>108,234.14</u>
		\$3,683,734.74
<i>Deduct:</i>		
Provision for federal income taxes . . . . .		<u>520,405.56</u>
Net profit for the fiscal year ending March 28, 1936 . . . . .		<u><u>\$3,163,329.18</u></u>

## SURPLUS ACCOUNT FOR THE FISCAL YEAR ENDING MARCH 28, 1936

Earned surplus at March 30, 1935 . . . . .		\$13,591,448.66
Net profit for the fiscal year ending March 28, 1936 . . . . .	\$3,163,329.18	
<i>Less:</i>		
Dividends paid:		
Preferred stock . . . . .	\$181,470.10	
Common stock . . . . .	<u>2,040,480.02</u>	<u>2,221,950.12</u>
Balance after dividends . . . . .		\$941,379.06
Provision for sinking fund—7% first preferred stock . . . . .		<u>158,000.00</u>
		783,379.06
Earned surplus at March 28, 1936 . . . . .		<u><u>\$14,374,827.72</u></u>



